

Banking

(SIC 60)

SIGNIFICANT POINTS

- Administrative support and clerical workers comprise almost 7 out of 10 jobs; tellers account for 1 out of 4 jobs.
- Banking employment is projected to grow only slightly as mergers and automation make banks more efficient.
- Projected employment varies by occupation. Tellers will decline, while growth is expected for loan officers, customer service representatives, and securities and financial services sales representatives.
- Despite declining employment, job openings for tellers arising from replacement needs should be plentiful because turnover is high and the occupation is large; best opportunities will be for part-time tellers.

Nature of the Industry

Banks safeguard money and valuables, and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier's checks. As the banking industry is slowly deregulated, banks are also beginning to offer more investment and insurance products that they were once prohibited from selling. Although other "nonbank" financial companies increasingly provide many of the same depository and payment services, a major difference between banks and other financial institutions is that deposits in banks are insured by the Federal Deposit Insurance Corporation. This ensures that depositors will get their money back, up to a stated limit, if a bank should fail.

There are several types of banks, also called depository institutions, which differ in the number of services they provide and the clientele they serve. *Commercial banks*, which dominate this industry, offer a full range of services for individuals, businesses, and governments. These banks come in a wide range of sizes from large "money center" banks to regional and community banks. Money center banks are often located in major financial centers and are usually involved in international lending and foreign currency, in addition to the more typical banking services. Regional banks usually are concentrated in a geographical area and their numerous branches and Automated Teller Machine (ATM) locations appeal to individuals. Community banks are based locally and offer more personal attention that small businesses prefer.

Savings banks and *savings and loan associations*, also known as thrift institutions, are the second largest group of depository institutions. They were first established to make it easier for people to buy homes, but now mostly cater to the savings and lending needs of individuals.

Credit unions are also considered banks. Most credit unions are formed by people with a common bond, such as people who work for the same company or belong to the same labor union or church. Their members pool their savings. When a member needs money, he or she may borrow from the credit union, often at a lower interest rate than from other financial institutions.

Federal Reserve banks are Government agencies that perform many financial services for the Government. Their chief responsibilities are to regulate the banking industry and to control the Nation's money supply—the total quantity of money in the country, including cash and bank deposits. Federal Reserve banks also perform a variety of services for other banks. For example, they make emergency loans to banks that are short of cash and clear checks that are drawn and paid out by different banks.

Interest on loans is the principal source of revenue for most banks, making their various lending departments critical to their success. The commercial lending department loans money to companies to start or expand a business or purchase inventory and capital equipment. The consumer lending department handles student loans, credit cards, and loans for home improvements, debt consolidation, and automobile purchases. Finally the mortgage lending department loans money to individuals and businesses to purchase real estate.

The money to lend comes primarily from deposits in checking and savings accounts, certificates of deposit, money market accounts, and other deposit accounts that consumers and businesses set up with the bank. These deposits often earn interest for the owner, and with accounts that offer checking, they provide an easy method for making payments safely without using cash.

The bank's trust department performs a number of other services. For example, the trust department may act as executor and administrator of a will, assembling and distributing assets to the beneficiaries. It may also serve as guardian of assets for minors or incompetent people. One of the department's most important functions is to manage assets entrusted to it, such as a pension fund or endowment fund, and to distribute the proceeds. Some trust departments also act as stock transfer agents for corporations. As agents, they record the transfer of ownership of stock. They also distribute dividend checks, annual reports and other mailings to stockholders.

Technology is having a major impact on the banking industry. For example, many routine bank services that once

required a teller, such as making a withdrawal or deposit, are now available through ATMs that allow people to access their accounts 24-hours a day. Also, direct deposit allows companies and governments to electronically transfer payments into various accounts. Further, debit cards and "smart cards" instantaneously deduct money from your account when you swipe the card across a machine at a store's cash register. Finally, electronic banking by phone or computer allows you to pay bills and transfer money from one account to another.

Other fundamental changes are occurring in the industry as banks diversify their services to become more competitive. Many banks now offer financial planning and asset management services to their customers as well as brokerage and insurance services, often through a subsidiary or third party. And others are beginning to provide investment banking services that involve raising money for companies and governments through the issuance of stocks and bonds; this is usually done through a subsidiary. As deregulation continues and competition in this sector grows, the nature of the banking industry will continue to undergo even more significant changes.

Working Conditions

The average workweek in banking was 36 hours in 1998, although wide variations exist by occupation. Tellers increasingly work part-time, while managers and officers often put in 50 hours per week or more.

Variations also exist based on where the employee works. Employees in a typical branch work weekdays, some evenings if the bank is open late, and Saturday mornings. Hours may be longer for workers in bank branches located in grocery stores and shopping malls, which are open most evenings and weekends. Branch office jobs, particularly teller positions, require continual communication with customers, repetitive tasks, and a high level of attention to security. Tellers must also stand for long periods of time in a confined space.

To improve customer service and provide greater access to bank personnel, banks are establishing centralized phone centers, staffed mainly by customer service representatives. Employees of phone centers spend most of their time answering phone calls from customers and must be available to work evening and weekend shifts.

Clerical employees may work in large processing facilities, or in the banks' headquarters, or in other administrative offices. Most clerical staff work a standard 40-hour week; some may work overtime. Those clerks located in the processing facilities may work evening shifts.

Commercial and mortgage loan officers often work out of the office, visiting clients, checking out loan applications, and soliciting new business. Loan officers may be required to travel, if a client is out-of-town, or to work evenings, if that is the only time a client can meet. Financial service sales representatives may also visit clients in the evenings and on weekends to go over the client's financial needs.

The remaining employees located primarily at the headquarters or other administrative office usually work in comfortable surroundings and put in a standard workweek. In general, banks are relatively safe places to work. In 1997, cases of work-related injury and illness averaged 1.8 per 100 full-time workers, among the lowest in the private sector, where the rate was 7.1.

Employment

The banking industry employed over 2 million wage and salary workers in 1998, making it the largest industry in the finance, insurance, and real estate sector of the economy. More than 7 out of 10 jobs were in commercial banks; the remainder were concentrated in savings and loan associations and credit unions (table 1).

Table 1. Percent of employment in banking by type of institution, 1998

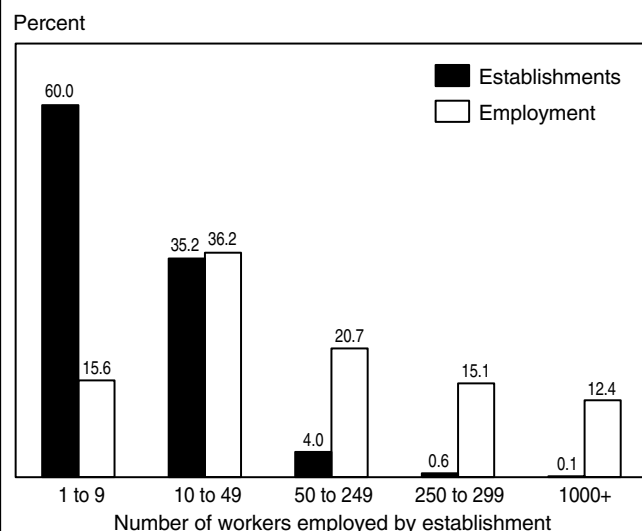
Establishment	Percent
Depository institutions	100.0
Commercial banks	71.5
Savings institutions	12.9
Credit unions	8.8
Banking and closely related functions, nec	6.7

In 1997, nearly 95 percent of the approximately 115,000 establishments in banking employed fewer than 50 workers (chart). However, these small establishments, mostly bank branch offices, employed only half of all employees. The other half worked in establishments with 50 or more workers. Banks are found everywhere in the United States, but most bank employees work in heavily populated States such as New York, California, Illinois, Pennsylvania, and Texas.

Occupations in the Industry

Clerical and administrative support positions account for about 7 out of 10 jobs in the banking industry (table 2). *Bank tellers*, the largest individual banking occupation, provide routine financial services to the public. They handle customers' deposits and withdrawals, change money, sell money orders and travelers checks, and accept payment for loans and utility bills. *New accounts clerks*, also called customer service representatives, help customers open and close accounts and fill out forms to apply for banking services. They are knowledgeable about a broad array of bank services and must be able to

Half of all bank employees work in branch offices or other places of business employing fewer than 50 people



Source: U.S. Department of Commerce, *County Business Patterns*, 1997

sell those services to potential clients. Tellers are increasingly being trained to perform many functions of customer service representatives.

Loan and credit clerks assemble and prepare paperwork, process applications, and complete the documentation after the loan or line of credit has been approved. They also verify applications for completeness. Many *general office clerks* and *bookkeeping, accounting, and auditing clerks* are employed to maintain financial records, enter data, and process the thousands of deposit slips, checks, and other documents that banks handle daily. Banks also employ many secretaries, typists, receptionists, computer operators, and other clerical workers. *Clerical supervisors* and *managers* oversee the activities and training of workers in the various administrative support occupations.

Executive, administrative, and managerial occupations account for about 25 percent of employment in the banking industry. *Financial managers* direct bank branches and departments, resolve customers' problems, ensure that standards of service are maintained, and administer the institutions' operations and investments. *Loan officers* evaluate loan applications, determine an applicant's ability to pay back a loan, and recommend approval of loans. They usually specialize in commercial, consumer, or mortgage lending. When loans become delinquent, loan officers, or *loan counselors*, may advise borrowers on the management of their finances or take action to collect outstanding amounts. Loan officers also play a major role in bringing in new business and spend much of their time developing relationships with potential customers. *Trust officers* manage a variety of assets for other people or organizations that were placed in trust with the bank, including pension funds, school endowments, or a company's profit sharing plan. They also act as executors of estates upon a person's death. Trust officers also may work as accountants, lawyers, and investment managers.

Securities and financial services sales representatives, who make up the majority of marketing and sales positions in banks, sell complex banking services. They contact potential customers to explain their services and to ascertain the customer's banking and other financial needs. They may also discuss services such as deposit accounts, lines of credit, sales or inventory financing, certificates of deposit, cash management, or investment services. These sales representatives also solicit businesses to participate in consumer credit card programs. At most small and medium-size banks, however, branch managers and commercial loan officers are responsible for marketing the bank's financial services.

Other occupations used widely by banks to maintain financial records and ensure the bank's compliance with State and Federal regulations are *accountants and auditors*, and *lawyers*. In addition, *computer systems analysts* are needed to maintain and upgrade the bank's computer systems and to implement the bank's entry into the world of electronic banking and paperless transactions.

Training and Advancement

Bank tellers and other clerks usually need only a high school education. Most banks seek people who have good basic math and communication skills, enjoy public contact, and feel comfortable handling large amounts of money. Through a combination of formal classroom instruction and on-the-job training under the guidance of an experienced worker, tellers learn

the procedures, rules, and regulations that govern their jobs. Banks encourage upward mobility by providing access to higher education and other sources of additional training.

Table 2. Employment of wage and salary workers in banking by occupation, 1998 and projected change, 1998-2008

(Employment in thousands)

Occupation	1998 Employment Number	1998 Percent	1998-2008 Percent change
All occupations	2,042	100.0	2.8
Administrative support, including clerical	1,351	66.2	-3.1
Bank tellers	542	26.5	-6.4
Office and administrative support supervisors and managers	139	6.8	17.9
New account clerks, banking	97	4.8	13.9
Loan and credit clerks	87	4.3	5.1
General office clerks	86	4.2	-28.5
Bookkeeping, accounting, and auditing clerks	62	3.0	-9.2
Secretaries	52	2.6	-10.5
Adjustment clerks	43	2.1	21.3
Duplicating, mail, and other office machine operators	27	1.3	-28.3
Bill and account collectors	25	1.2	11.1
Executive, administrative, and managerial	503	24.6	10.6
Loan officers and counselors	116	5.7	12.8
Financial managers	97	4.8	7.2
General managers and top executives	67	3.3	7.9
Accountants and auditors	31	1.5	4.7
Marketing and sales	77	3.8	29.0
Securities, commodities, and financial services sales representatives	38	1.9	45.4
Professional specialty	67	3.3	34.4
Computer systems analysts, engineers, and scientists	45	2.2	48.8
Service	24	1.2	4.4
All other occupations	21	1.0	0.0

Tellers and clerks prepare for positions with more responsibilities by taking courses accredited by the American Institute of Banking, an educational affiliate of the American Bankers Association, and the Institute of Financial Education. These organizations have several hundred chapters in cities across the country and numerous study groups in small communities. Most banks use the facilities of these organizations, which assist local banks in conducting cooperative training programs or developing independent programs. Some community colleges also offer courses for employed tellers and those seeking to become tellers. Taking these courses can give applicants an advantage over other jobseekers.

Some banks have their own training programs, which result in teller certification. Experienced tellers qualify for certification by taking required courses and passing examinations. Experienced tellers and clerks may advance to head teller, new accounts clerk, or customer service representative. Outstanding tellers who have had some college or specialized training offered by the banking industry are sometimes promoted to managerial positions.

Workers in executive, administrative, and managerial banking jobs usually have at least a college degree. A bachelor's degree in business administration or a liberal arts degree with business administration courses is suitable preparation, as is a bachelor's degree in any field followed by a Master of Business Administration (MBA) degree. Many financial management positions are filled by promoting experienced, technically skilled professional personnel—for example, accountants, auditors, budget analysts, credit analysts, insurance analysts, or securities analysts—or accounting or related department supervisors in large banks.

Financial services sales representatives usually need a college degree; a major or courses in finance, accounting, economics, marketing, or related fields serve as excellent preparation. Experience in sales is also very helpful. These workers learn on the job under the supervision of bank officers. Sales representatives selling securities need to be licensed by the National Association of Securities Dealers.

Advancement to higher-level executive, administrative, managerial, and professional positions may be accelerated by special study. Banks often provide opportunities for workers to broaden their knowledge and skills, and they encourage employees to take classes offered by the AIB and IFE as well as courses at local colleges and universities. In addition, financial management and banking associations, often in cooperation with colleges and universities, sponsor numerous national or local training programs. Each of their schools deal with a different phase of financial management and banking, such as accounting management, budget management, corporate cash management, financial analysis, international banking, and data processing systems procedures and management. Employers also sponsor seminars and conferences and provide textbooks and other educational materials. Many employers pay all or part of the costs for those who successfully complete courses.

In recent years, the banking field has been revolutionized by technological improvements in computer and data processing equipment. Knowledge of their application is vital to upgrade managerial skills and to enhance advancement opportunities.

Earnings

Earnings of nonsupervisory bank employees averaged \$384 a week in 1998, compared to \$512 for all workers in finance, insurance, and real estate industries, and \$442 for workers throughout the private sector. Relatively low pay in the banking industry reflects the high proportion of low-paying clerical jobs.

Earnings in the banking industry vary significantly by occupation. Earnings in the largest occupations in banking appear in table 3.

Based on a 1998 salary survey by Robert Half International—a staffing services firm specializing in accounting and finance—annual salaries of professional and managerial employees in banks with assets of \$1 billion or higher ranged from around \$35,000 to \$215,000 (table 4).

Table 3. Median hourly earnings of the largest occupations in banking, 1997

Occupation	Banking	All industries
General managers and top executives	\$31.64	\$26.05
Financial managers	21.54	25.19
Loan officers and counselors	16.29	16.25
First-line supervisors and managers/ supervisors-clerical and administrative support workers	13.22	14.26
Secretaries, except legal and medical	11.21	11.00
Loan and credit clerks	9.92	10.36
New accounts clerks	9.79	9.85
Bookkeeping, accounting, and auditing clerks	9.62	10.80
General office clerks	9.60	9.10
Tellers	7.97	7.99

Table 4. Annual salary range for selected occupations in banking, 1998

Occupation	Salary range
Senior vice-president/head of lending	\$200,000-215,000
Lending division head/lender	95,000-133,500
Marketing director	73,000-98,000
Loan workout officer	60,000-82,000
Asset/liability investment manager	59,000-81,000
Commercial real estate mortgage lender	46,000-74,000
Loan review officer	48,000-59,500
Branch manager	38,000-50,000
Employee benefits trust officer	38,000-48,000
Consumer loan officer	35,000-49,000

Source: Robert Half International

In general, greater responsibilities result in a higher salary. Experience, length of service, and, especially, the location and size of the bank also are important. In addition to typical benefits, equity sharing and performance-based pay increasingly are part of compensation packages for some bank employees. As in other industries, part-time workers do not enjoy the same benefits as full-time workers.

Very few workers in the banking industry are unionized—only 1.8 percent are union members or are covered by union contracts, compared to 15.4 percent of workers throughout private industry.

Outlook

Employment in the banking industry is expected to increase 3 percent between 1998 and 2008, compared to the 15 percent growth projected for the economy as a whole. Much of the increase; however, will occur in credit unions and small regional banks and savings institutions, with little to no growth projected for the large commercial banks. This projected growth reverses a trend of declining employment. The downsizing and cost cutting that has been taking place in this industry since the early 1990s is expected to slow and banks will begin hiring again and

putting more emphasis on retaining employees. The mergers and acquisitions that led to significantly fewer banks are expected to continue, but result in fewer layoffs than in the past, because more of the mergers will occur between banks across geographical areas rather than within geographical areas, which results in fewer branch closings. Also, as banks diversify and begin offering new financial products, they will hire additional people with experience and skills to sell these new products.

Advances in technology are expected to significantly affect future employment. Computer specialists will benefit from this trend, as banks hire additional workers to make more of their services available electronically and through the Internet. The overall effect of automation on employment is expected to be negative, however. Employment of tellers is projected to decline, as ATMs become able to provide additional services, such as account changes and applications for loans and credit cards. Employment of clerical staff, in general, also will be adversely affected by the growing use of direct deposit of payroll checks, debit and “smart” cards, and automated bill paying through phones and computers. Moreover, as banking services become more automated and the industry strives for paperless transactions, the number of clerical employees who process the large volume of paper will decline substantially. Due to the large number of clerical workers and their high turnover, however, job opportunities are still expected to be plentiful, especially for part-time positions.

A number of occupations are expected to grow significantly over the next 10 years. Employment increases can be expected for customer service representatives, who will assume many functions of the traditional teller in addition to their other duties. Customer service representatives will also staff a growing number of phone centers. Loan officers, who develop new business for banks and evaluate loan applications, will also be in great demand, provided that the economy and demand for loans remains strong. Banks will also hire more trust officers to administer the estates of an aging population. Finally, employment in

human resources departments is expected to grow, as the need to train employees about new bank services and new regulations becomes more urgent.

Banks will also place greater emphasis on hiring people with marketing, sales, and financial skills as they try to redefine themselves as a “one-stop-shop” for financial services. The employment of securities and financial services sales representatives is expected to double over the next ten years as these workers are needed to sell the increasing variety of bank products and services. Those with a financial planning background are expected to fare even better.

Sources of Additional Information

For information about careers in the banking industry, contact:

- American Bankers Association, 1120 Connecticut Ave. NW, Washington, DC 20036. Internet: <http://www.aba.com>

Information about careers with the Federal Reserve System is available from the website or human resources department of the Federal Reserve Bank in which you are interested.

Information on the many occupations in banking, including the following, may be found in the 2000-01 *Occupational Outlook Handbook*:

- Accountants and auditors
- Adjusters, investigators, and collectors
- Bank tellers
- Bookkeeping, accounting, and auditing clerks
- Computer engineers and scientists
- Computer systems analysts
- Credit and loan authorizers, checkers, and clerks
- Financial managers
- Loan officers
- New accounts clerks
- Securities, commodities, and financial services sales representatives